

**CMP264 / CMP265
Implementation to TNUoS Tariffs
& Billing Processes Paul Wakeley**



CMP264/265

- In June 2017, Ofgem approved WACM4 of CMP264/265 to be implemented by 1st April 2018.
- This introduces ‘Gross Charging’ for HH Demand TNUoS, and an explicit Embedded Export Tariff.
- October: Ofgem has been served with a claim for judicial review.
- Ofgem have stated “[CMP264/265] decision stands unless quashed by the court.” [1]
- **We continue to work towards a 1st April 2018 implementation date.**

[1] <https://www.ofgem.gov.uk/publications-and-updates/embedded-benefits-impact-assessment-and-decision-industry-proposals-cmp264-and-cmp265-change-electricity-transmission-charging-arrangements-embedded-generators>

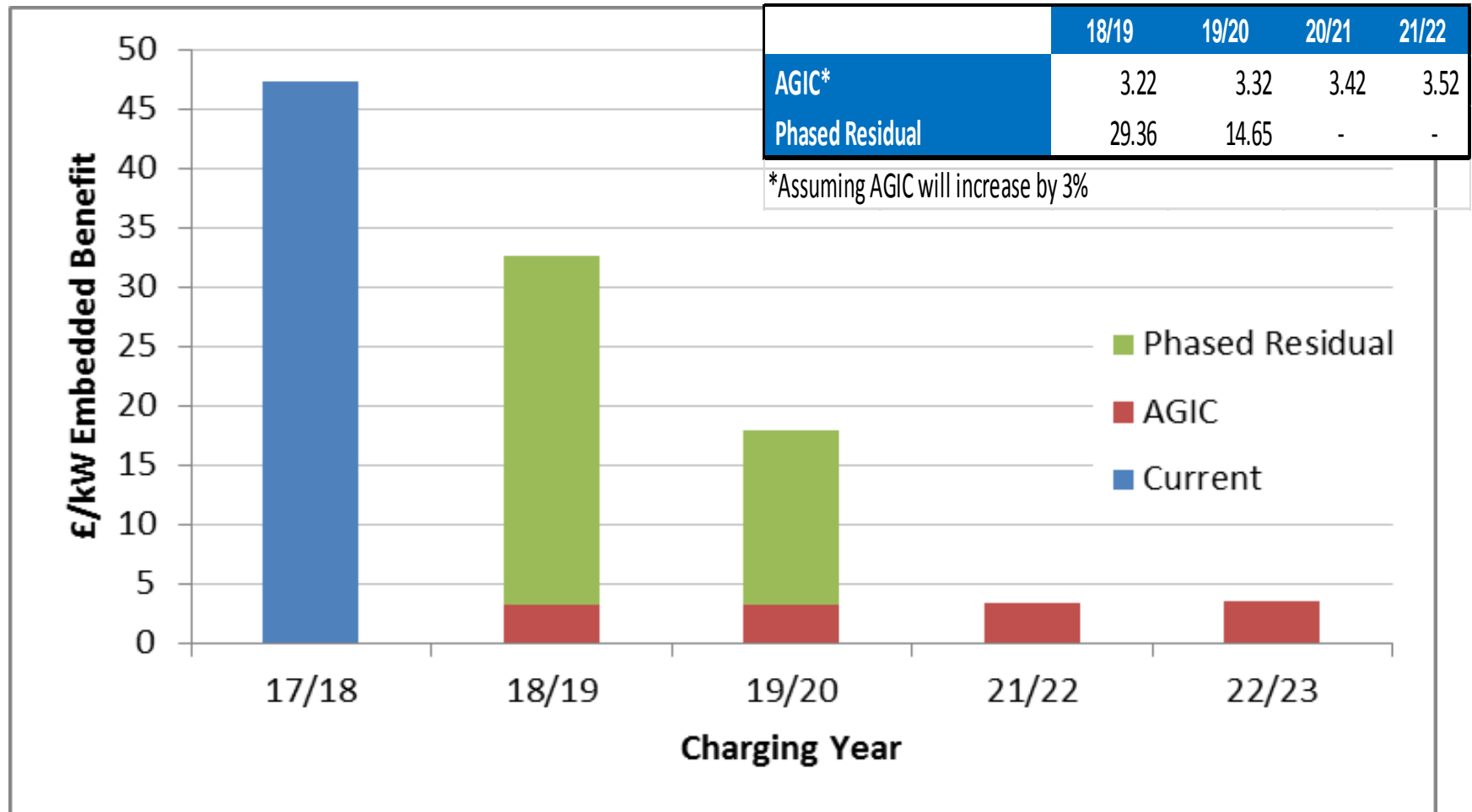
Implementation Progress Update

- Guidance published to industry on:
 - implementation of CMP264/265
 - the AGIC value (£3.22/kW) and methodology
 - value of the phased residual.
- Transport & Tariff Model modified to reflect WACM4 methodology for 2018/19 tariffs.
- Billing changes in progress to our Charging and Billing processes (CAB system), to take effect by 1st April 2018.
- **October Forecast to reflect methodology changes**

Tariff changes

- **Half - Hourly Gross Demand Tariff**
 - Gross triad charging base changing with locational & residual element
 - Demand residual includes £ revenue from Embedded Export Tariff payments, to ensure total revenue recovery.
- **Embedded Export Tariff**
 - Embedded Exports from embedded generation <100MW now treated separately
 - Payable to Embedded Exports for HH Demand suppliers and CVA registered Embedded generators <100MW, for average export over triad.
 - Tariffs floored at £0/kW; no EG will be 'charged' an EET.
- **Non Half-Hourly Tariff structure** remains unchanged

Value of TNUoS Demand Residual Embedded Benefit



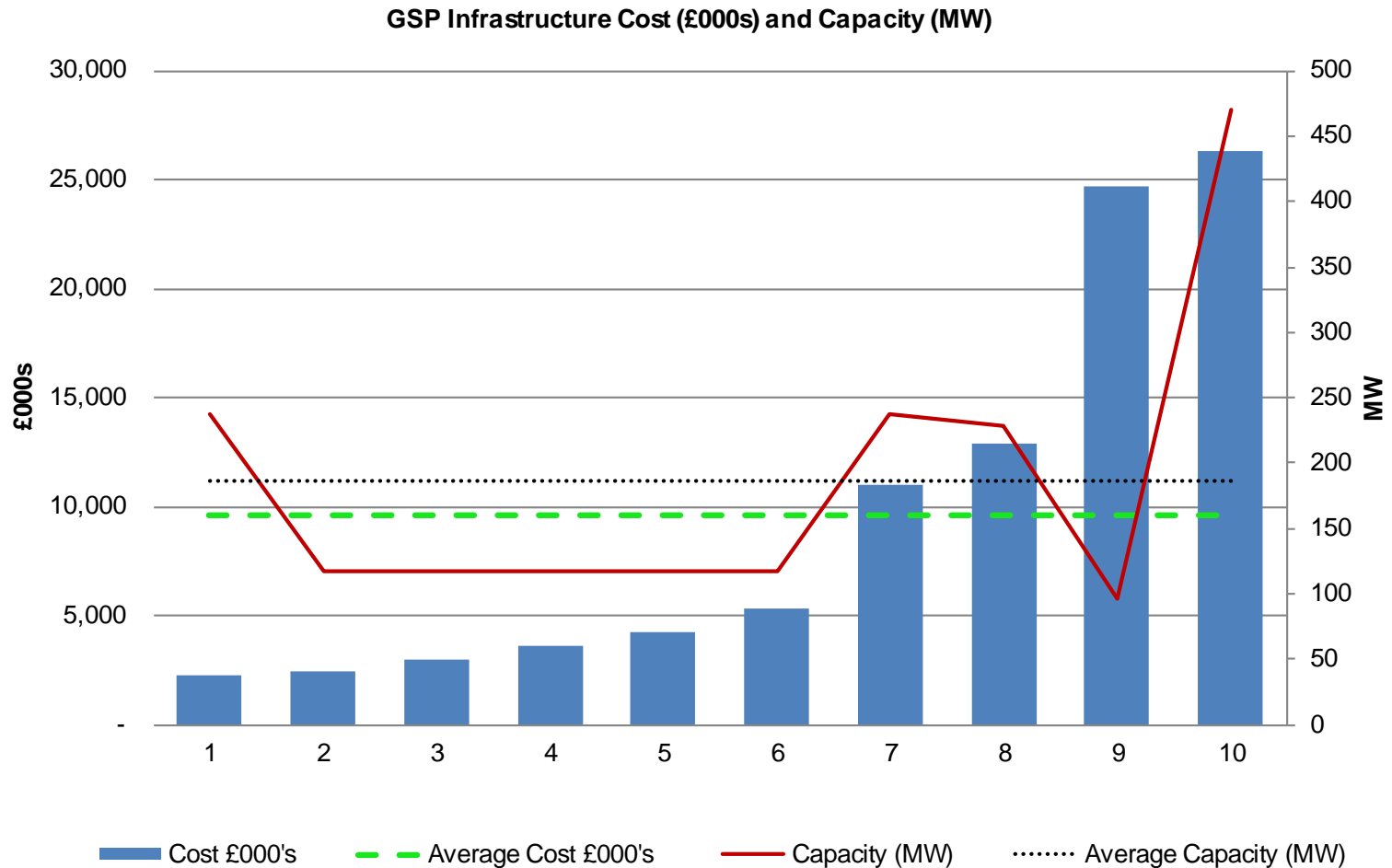
Based on AGIC value of £3.22/kW in 18/19 prices, £% RPI increase thereafter (see later in presentation).

AGIC Value

- Component of the Embedded Export Tariff.
- Value of £3.22/kW published/calculated as per WACM4 methodology for 2018/19 tariffs. Increases by RPI for each year until the end of RIIO-T1; then recalculated.
- GSP reinforcement works (10 projects)
- Methodology:

$$\begin{array}{ccccccc} \boxed{\text{AGIC}} & = & \boxed{\text{£m of GSP infrastructure projects}} & \times & \boxed{\text{Annuity factor}} & / & \boxed{\text{Sum of additional capacity (MW)}} \\ \boxed{\text{£3.22/kW}} & & \boxed{\text{£95.8m}} & & \boxed{\text{6.25\%}} & & \boxed{\text{1856 MW}} \end{array}$$

AGIC Value – GSP Infrastructure Costs/Capacity



Onshore TO data provides consists of cost of infrastructure works at GSPs and capacity at GSP's

Changes in our HH/NHH zonal Demand forecast modelling for 2018/19 TNUoS Tariffs

- **Demand forecast model** updated for gross and embedded generation export.
- Factors/variables being assessed include:
 - Historical trends of metered triad demand & export volume provided by Elexon under P348/349. *(Please see next slide)*
 - Weather conditions/patterns.
 - Future demand shifts on the transmission system.
 - Levels of renewable generation & forecast growth.
- October Tariff forecast, will be based on revised forecast.

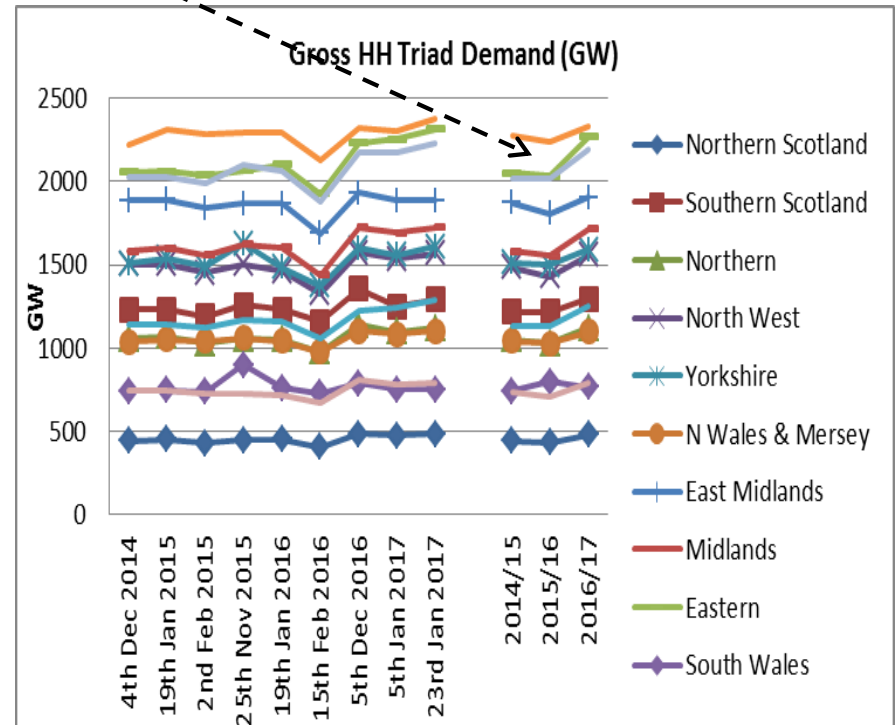
Half-Hourly Gross Triad Demand – Historical Metered Data

- Under BSC mods P348/349, Elexon provided historical metered data (2014/15 to 2016/17) to include gross Demand and Embedded Export volumes. The triad demand and an annual average can be seen below:

Annual average

GROSS HH Triad Demand

Zone	Zone Name	2014/15 (GW)	2015/16 (GW)	2016/17 (GW)
1	Northern Scotland	0.443	0.437	0.483
2	Southern Scotland	1.217	1.215	1.297
3	Northern	1.052	1.029	1.120
4	North West	1.486	1.431	1.558
5	Yorkshire	1.512	1.496	1.588
6	N Wales & Mersey	1.045	1.027	1.095
7	East Midlands	1.872	1.806	1.902
8	Midlands	1.579	1.555	1.714
9	Eastern	2.051	2.030	2.267
10	South Wales	0.743	0.797	0.765
11	South East	1.136	1.128	1.250
12	London	2.269	2.236	2.332
13	Southern	2.012	2.013	2.189
14	South Western	0.738	0.705	0.793
Total		19.156	18.904	20.354

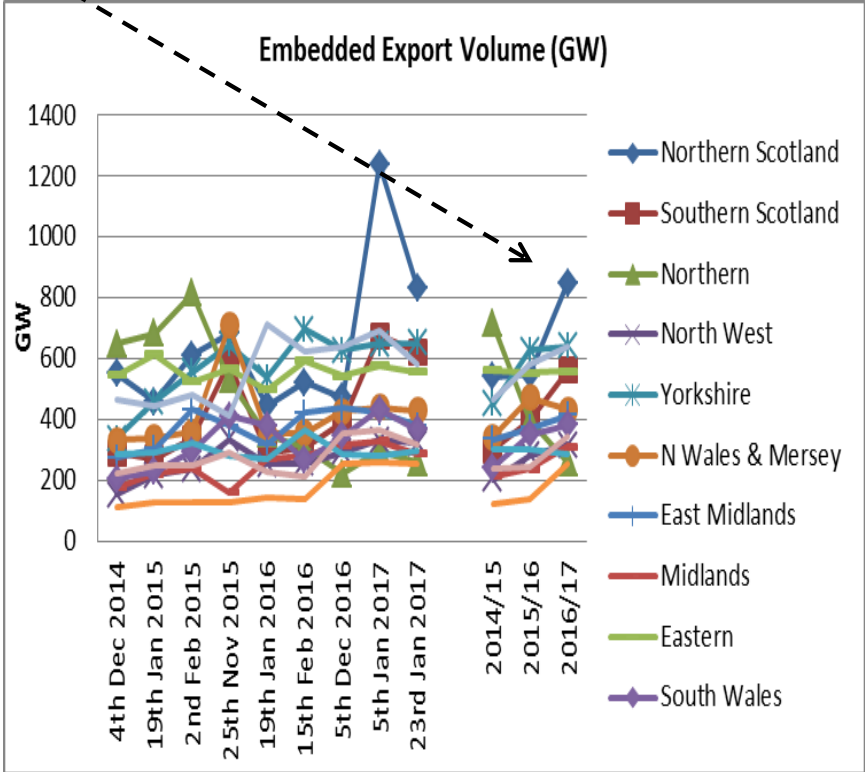


Embedded Export Volume – Historical Metered Data

Embedded Export Volume

Annual average

Zone	Zone Name	2014/15 (GW)	2015/16 (GW)	2016/17 (GW)
1	Northern Scotland	0.541	0.550	0.849
2	Southern Scotland	0.300	0.395	0.563
3	Northern	0.716	0.396	0.259
4	North West	0.202	0.281	0.315
5	Yorkshire	0.452	0.627	0.642
6	N Wales & Mersey	0.343	0.473	0.432
7	East Midlands	0.335	0.373	0.413
8	Midlands	0.213	0.237	0.311
9	Eastern	0.562	0.553	0.560
10	South Wales	0.243	0.352	0.381
11	South East	0.299	0.304	0.287
12	London	0.121	0.138	0.257
13	Southern	0.463	0.584	0.637
14	South Western	0.239	0.244	0.347
Total		5.030	5.506	6.253



■ The annual average system peak:

Year	2014/15 (GW)	2015/16 (GW)	2016/17 (GW)
Total System Peak	50.700	48.817	49.225

Billing Changes

- Suppliers will be billed:
 - For Gross Demand volumes against HH Gross Demand Tariff
 - Credited for exports at the Embedded Export Tariff.
- Backing sheets will be redesigned for affected BMU IDs.
- Suppliers will be required to provide **forecasts** both import and export volumes.
- Suppliers / EG who are due a payment from NG, will receive this in the reconciliation in June 2019 for 18/19 tariffs.
- These changes will become effective from 1st April 2018.

Timetable Forecasts – CMP264/265 nationalgrid Publications

End of October 2017	A revised Forecast for 2018/19 TNUoS tariffs , in line with the CMP264/265 methodology and using the published AGIC.
End of November 2017	A revised Five Year Forecast of TNUoS tariffs , in line with the CMP264/265 methodology
By 24th December 2017	Draft Tariffs for 2018/19 TNUoS , in line with CMP264/265 methodology
By 31st January 2017	Final Tariffs for 2018/19 TNUoS , in line with CMP264/265 methodology

Link to published documents: <http://www2.nationalgrid.com/UK/Industry-information/System-charges/Electricity-transmission/Approval-conditions/Condition-5/>

Any Questions

